



Comments by the Appalachian Mountain Club to NH DES  
Re: RGGI Modeling Assumptions  
December 30, 2006

AMC appreciates the opportunity to comment to the NHDES on the suggested allocation scenarios and analysis assumptions for a potential NH Study. We commend NH's Air Resources staff for the commitment and work they have invested in to the RGGI process. AMC believes that a strongly implemented RGGI in New Hampshire can benefit the citizens of this state through improved energy efficiency and reductions in greenhouse gases.

### **Allocation Assumptions**

Many of the RGGI states have committed to allocating more than the required 25% to the Consumer Benefits and Strategic Energy Purposes (CBSEP) fund. AMC recommends that the most recent percentages, reported by the RGGI states, be used in the modeling and not just the default 25%.

NH DES presented an allocation scheme for NH that included 3 options. All three start with the 25% CBSEP fund going to the Schiller Biomass project (2.16 M). While we recognize that NH DES wished to honor this commitment and will need to factor this into the modeling scenarios we strongly urge NH DES to model 100, 75, 50 and 25% auction scenario. AMC also urges NH DES to finalize the Clean Power Act phase I CO<sub>2</sub> early credits bank before modeling in order to have the most accurate input information (also see comments on Early Reduction Credits below). We also request that within those scenarios of less than 100% auction that there is a phased in increase to 100% auction by year four of the RGGI program. In addition, AMC urges NH DES, when making direct allocations, to base it on an electricity output-based annual updating allocation scheme.

### **AMC suggested modeling scenarios**

	Initial RGGI year allocation	
<b>Scenarios</b>	<b>% Auction</b>	<b>% Allocated</b>
1	100	0
2	75	75%-CPAB
3	50	50%-CPAB
4	25	25%-CPAB

CPAB= Estimated Clean Power Act Bank in YR1 of RGGI

Finally, allocations to PSNH should never exceed the Clean Power Act Phase I cap of 5.425 M except for initial credits earned by the Schiller Biomass project. Moreover, allocations should decline over time to be consistent with NH DES's April 2004 recommendation for Phase II of the Clean Power Act, i.e. 25% below Phase I beginning in 2011.

### **Energy Efficiency Assumptions**

It should be noted that ICF's IPM model runs showed that increased energy efficiency was the most important factor in reducing electricity bill impacts to customers. Many of the RGGI states

have committed to using the CBSEP fund specifically for energy efficiency. AMC urges NH to at least model double the energy efficiency spent in RGGI states in 2005, adjusting for inflation in future years. If feasible, AMC recommends that NH also model triple energy efficiency spending. Because enhancing energy efficiency has many benefits in the long-term it should be made a priority in the modeling analysis.

### **RGGI Early Reduction Credits**

Any modeling assumptions that accounts for the PSNH Bank must be adjusted for the Early Reduction Credits earned under RGGI. The RGGI early reduction credits should not be given in addition to the existing bank under the Clean Power Act. RGGI is, in essence, the second phase to the Clean Power Act and the early reduction award programs should be integrated not duplicative. Adding the RGGI early reduction credits to the existing bank would significantly dilute the strength of RGGI by delaying significant and essential reductions of greenhouse gas emissions in New Hampshire.

Sincerely,

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